
TOWN OF JACKSON, LOUISIANA

FINANCIAL REPORT

SEPTEMBER 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/16/08



TOWN OF JACKSON, LOUISIANA

FINANCIAL REPORT

SEPTEMBER 30, 2007

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Jackson, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jackson (the Town), as of and for the year ended September 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and pages 33 through 37, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion to it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2008 on our consideration of the Town of Jackson's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of our testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information and statistical data on pages 38 through 43 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information presented on pages 38 through 40 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical data presented on pages 41 through 43 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Postlethwaite & Natterville

Baton Rouge, Louisiana
March 24, 2008

TOWN OF JACKSON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2007

This section of the Town of Jackson, Louisiana's (the Town) annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on September 30, 2007. Please read it in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Town's combined total net assets decreased by \$77,202 or 2.0% over the course of this year's operations. Net assets of our governmental activities increased \$71,372 (or 5.4%) while those of our business-type activities decreased \$148,574 (or 5.4%).
- The overall decrease in net assets was a result of fewer revenues from utility fees, taxes, franchise fees and other revenues compared to increasing operating, depreciation, and other expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents supplemental statements and schedules. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide long-term and short-term information about the Town's overall financial status and economic condition.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as the water, sewer and gas delivery systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

Figure A-1 Major Features of Town's Government and Fund Financial Statements				
		Fund Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds	
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, fire, and streets	Activities the Town operates similar to private businesses: the water, sewer and gas systems	
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expense, and changes in net assets • Statement of cash flows 	
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. Net assets—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, one needs to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's roads and utilities infrastructure.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities—most of the Town's basic services are included here, such as the police, fire, public works, parks department, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities—The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water, gas and sewer systems are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law, while others may be required by bond covenants.
- Governmental funds - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- Proprietary funds - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information. In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

	Table A-1	
	Town's Net Assets	
	Governmental Activities	Governmental Activities
	2007	2006
Current and other assets	\$ 252,476	\$ 234,530
Capital assets	786,848	850,009
Total assets	1,039,324	1,084,539
Current liabilities	(362,518)	(245,931)
Total liabilities	(362,518)	(245,931)
Net assets		
Invested in capital assets, net of related debt	786,848	816,741
Restricted funds	581,881	488,591
Unrestricted (deficit)	33,113	25,138
Total net assets	\$ 1,401,842	\$ 1,330,470

	Table A-1	
	Town's Net Assets	
	Business-Type Activities	Business-Type Activities
	2007	2006
Current and other assets	\$ 773,235	\$ 723,350
Capital assets	2,588,394	2,779,733
Total assets	3,361,629	3,503,083
Current liabilities	487,835	467,965
Long term Liabilities	281,155	293,905
Total liabilities	768,990	761,870
Net assets		
Invested in capital assets, net of related debt	2,287,467	2,407,543
Restricted funds	531,928	520,108
Unrestricted (deficit)	(226,756)	(186,438)
Total net assets	\$ 2,592,639	\$ 2,741,213

Net assets of the Town's governmental activities increased 5.4 percent to approximately \$1.4 million as a result of the new sales tax revenue allocated to the general fund.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

Changes in net assets. The Town's total change in net assets was (\$77,202); \$71,372 from governmental activities and (\$148,574) from business-type activities. The changes in net assets result from those activities' revenues exceeding (or falling short) of expenses. Table A-2 shows the composition of revenues and summarizes the expenses by function or service area.

	Table A-2	
	Changes in Town's Net Assets	
	Governmental Activities	Governmental Activities
	2007	2006
Revenues		
Program revenues		
Charges for services	\$ 48,202	\$ 50,619
Operating grants	20,000	-
General revenues		
Taxes	400,493	399,991
Licenses and permits	82,005	77,997
Miscellaneous	222,181	273,680
Total revenues	772,881	802,287
Expenses		
General government	325,452	326,557
Public safety	422,473	385,587
Recreation	8,584	5,925
Total expenses	756,509	718,069
Transfers	55,000	-
Increase (decrease) in net assets	\$ 71,372	\$ 84,218

	Table A-2	
	Changes in Town's Net Assets	
	Business-Type Activities	Business-Type Activities
	2007	2006
Revenues		
Program revenues		
Charges for services	\$ 763,754	\$ 824,048
Capital grants and contributions	-	183,009
General revenues		
Miscellaneous	18,799	12,375
Total revenues	782,553	1,019,432
Expenses		
Services – Utilities	876,127	878,327
Total expenses	876,127	878,327
Transfers	(55,000)	-
Increase (decrease) in net assets	(\$ 148,574)	\$ 141,105

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$614,994, consisting of \$33,113 in the general fund and \$581,881 in the special revenue fund. The \$33,113 in the general fund is unreserved and available for spending. Of the \$581,881 in the special revenue fund, \$171,563 is unreserved and available for spending; while \$410,318 is reserved awaiting repayment from the Town's other funds.

General Fund Budgetary Highlights

Over the course of the year, the Board of Alderman revised the Town budget. These budget amendments resulted from:

- Receipt of new tobacco tax revenues allocated to the general fund.
- Increased operating expenses and grant funding outlays.

Under the revised budget, the general fund operated at a net surplus of \$24,864, which was \$10,632 more than the originally budgeted surplus of \$14,232.

CAPITAL ASSETS

At the end of September, 2007, the Town had invested approximately \$3.4 million in a broad range of capital assets, including police and fire equipment, buildings, vehicles, streets, and water and sewer systems. See Table A-3. This amount represents a net decrease (including additions and deductions) of approximately \$254,000, or 7.0 percent over last year.

	Table A-3 Town's Capital Assets (net of depreciation)			
	Governmental Activities		Business Activities	
	2007	2006	2007	2006
Land	\$ 26,000	\$ 26,000	\$ 18,300	\$ 18,300
Buildings	107,451	115,859	21,766	23,815
Other Improvements	267,460	307,994	2,544,420	2,729,819
Equipment	374,803	400,156	3,908	7,799
Construction in Progress	11,134	-	-	-
Total	\$ 786,848	\$ 850,009	\$ 2,588,394	\$ 2,779,733

This year's major capital asset additions included:

- New police car for the police department costing approximately \$23,000.
- Radio equipment and installation for the police department costing \$7,000.
- Used truck for the maintenance department costing approximately \$4,500.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund have historically consisted of property taxes, utility franchise fees, licenses and permits, and fines. However, a general use sales tax was passed by the voters of East Feliciana Parish which is now allocated to municipalities within the Parish. This tax generated approximately \$305,000 in additional operating funds for the Town for the 2007 fiscal year and eliminated the need to subsidize the general fund's operations through transfers from the utility fund. Utility rates will remain unchanged and therefore service fee revenue should remain constant, except for any fluctuations in gas revenue which fluctuates according to the Town's cost. Expenses of the utility fund are not expected to increase substantially, except for the costs of gas, which may continue an increasing trend from the past several years.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's mayor, Charles Coleman, 1610 Charter Street, Jackson, LA 70748, (225) 634-7777.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF NET ASSETS
September 30, 2007

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 155,081	\$ 705,964	\$ 861,045
Property tax receivable	3,063	-	3,063
Accounts and other receivable (net)	37,683	63,003	100,686
Due from other governmental agencies	56,092	-	56,092
Accrued interest receivable	557	4,268	4,825
Capital assets:			
Land	26,000	18,300	44,300
Other capital assets, net of depreciation	760,848	2,570,094	3,330,942
TOTAL ASSETS	<u>1,039,324</u>	<u>3,361,629</u>	<u>4,400,953</u>
<u>LIABILITIES</u>			
Accounts payable	20,520	2,272	22,792
Accrued liabilities	20,121	46	20,167
Internal balances	(403,159)	403,159	-
Accrued interest payable	-	7,113	7,113
Customer service meter deposits	-	62,586	62,586
Long-term liabilities:			
Due within one year	-	12,659	12,659
Due in more than one year	-	281,155	281,155
TOTAL LIABILITIES	<u>(362,518)</u>	<u>768,990</u>	<u>406,472</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	786,848	2,287,467	3,074,315
Restricted for:			
Streets and sidewalks	581,881	-	581,881
Bond debt service	-	497,654	497,654
Customer deposits	-	34,274	34,274
Unrestricted	33,113	(226,756)	(193,643)
TOTAL NET ASSETS	<u>\$ 1,401,842</u>	<u>\$ 2,592,639</u>	<u>\$ 3,994,481</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental:						
General government	\$ 325,452	\$ -	\$ -	\$ (325,452)	\$ -	\$ (325,452)
Public safety	422,473	48,202	20,000	(354,271)	-	(354,271)
Recreation	8,584	-	-	(8,584)	-	(8,584)
Total governmental activities	<u>756,509</u>	<u>48,202</u>	<u>20,000</u>	<u>(688,307)</u>	<u>-</u>	<u>(688,307)</u>
Business-type:						
Utilities - Gas	322,008	398,310	-	-	76,302	76,302
Utilities - Water	284,778	194,537	-	-	(90,241)	(90,241)
Utilities - Sewer	269,341	170,907	-	-	(98,434)	(98,434)
Total business-type activities	<u>876,127</u>	<u>763,754</u>	<u>-</u>	<u>-</u>	<u>(112,373)</u>	<u>(112,373)</u>
Total Town of Jackson	<u>\$ 1,632,636</u>	<u>\$ 811,956</u>	<u>\$ 20,000</u>	<u>\$ (688,307)</u>	<u>\$ (112,373)</u>	<u>\$ (800,680)</u>
General Revenues:						
Taxes				400,493	-	400,493
Licenses and permits				82,005	-	82,005
Intergovernmental				15,109	-	15,109
Interest				2,665	18,799	21,464
Transfers (to)/from other funds				55,000	(55,000)	-
Other				204,407	-	204,407
Total general revenues				<u>759,679</u>	<u>(36,201)</u>	<u>723,478</u>
Change in net assets				71,372	(148,574)	(77,202)
Net assets - September 30, 2006				<u>1,330,470</u>	<u>2,741,213</u>	<u>4,071,683</u>
Net assets - September 30, 2007				<u>\$ 1,401,842</u>	<u>\$ 2,592,639</u>	<u>\$ 3,994,481</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2007

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash	\$ 15,290	\$ 96,571	\$ 111,861
Certificates of deposit	5,238	37,982	43,220
Property taxes receivable	3,063	-	3,063
Other accounts receivable	37,683	-	37,683
Due from other governmental agencies	26,164	29,928	56,092
Due from other funds	261,495	410,318	671,813
Accrued interest receivable	8	549	557
	<u>348,941</u>	<u>575,348</u>	<u>924,289</u>
TOTAL ASSETS			
	<u>348,941</u>	<u>575,348</u>	<u>924,289</u>
LIABILITIES			
Accounts payable	20,520	-	20,520
Accrued liabilities	26,654	(6,533)	20,121
Due to other funds	268,654	-	268,654
	<u>315,828</u>	<u>(6,533)</u>	<u>309,295</u>
FUND BALANCES			
Reserved - net advances to/from other funds	-	410,318	410,318
Unreserved	33,113	171,563	204,676
	<u>33,113</u>	<u>581,881</u>	<u>614,994</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 348,941</u>	<u>\$ 575,348</u>	<u>\$ 924,289</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
September 30, 2007

Total fund balances - Governmental Funds		\$ 614,994
Cost of capital assets at September 30, 2007	1,926,511	
Less: accumulated depreciation as of September 30, 2007	<u>(1,139,663)</u>	786,848
Less: capital lease obligation		<u>-</u>
Total net assets at September 30, 2007 - Governmental Activities		<u>\$ 1,401,842</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General	Special Revenue	Total
<u>REVENUES</u>			
Taxes	\$ 206,754	\$ 193,739	\$ 400,493
Licenses and permits	82,005	-	82,005
Intergovernmental revenues	15,109	-	15,109
Fines and forfeitures	48,202	-	48,202
Interest	161	2,504	2,665
Grants	-	20,000	20,000
Other revenue	204,407	-	204,407
Total revenues	<u>556,638</u>	<u>216,243</u>	<u>772,881</u>
<u>EXPENDITURES</u>			
General government	198,934	82,902	281,836
Public safety	402,928	-	402,928
Recreation	8,584	-	8,584
Debt service - Capital lease payment	-	33,268	33,268
Total expenditures	<u>610,446</u>	<u>116,170</u>	<u>726,616</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>			
	(53,808)	100,073	46,265
<u>OTHER FINANCING SOURCES</u>			
Transfers out	-	(6,783)	(6,783)
Transfers in	61,783	-	61,783
Proceeds of capital lease	-	-	-
Total other financing sources	<u>61,783</u>	<u>(6,783)</u>	<u>55,000</u>
<u>NET CHANGE IN FUND BALANCES</u>			
	7,975	93,290	101,265
<u>FUND BALANCES</u>			
Beginning of year	25,138	488,591	513,729
End of year	<u>\$ 33,113</u>	<u>\$ 581,881</u>	<u>\$ 614,994</u>

TOWN OF JACKSON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
September 30, 2007

Net change in fund balances - governmental funds	\$	101,265
The change in net assets reported for governmental activities in the statement of activities is different because:		
Add: Capital outlay which is considered expenditures		60,924
Less: Depreciation expense		(124,087)
Less: Proceeds of capital lease, considered liability		-
Add: Lease payments applied to the principal (debt) portion of lease obligation		<u>33,270</u>
Change in net assets of governmental activities	\$	<u>71,372</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
BALANCE SHEET
PROPRIETARY FUND
September 30, 2007

ASSETS

CURRENT ASSETS

Cash	\$ 111,450
Accounts receivable (net)	63,003
Accrued interest receivable	4,268
Total current assets	<u>178,721</u>

RESTRICTED ASSETS

Cash and certificates of deposit	
Revenue bond debt service	497,654
Customers' service meter deposits	96,860
Total restricted assets	<u>594,514</u>

PROPERTY, PLANT, AND EQUIPMENT

Land	18,300
Buildings	70,909
Improvements and infrastructure	5,013,841
Equipment	87,961
	<u>5,191,011</u>
Less: allowance for depreciation	(2,602,617)
Net property, plant, and equipment	<u>2,588,394</u>
Total assets	<u>\$ 3,361,629</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 2,272
Notes payable due within one year	-
Public utility revenue bond payable due within one year	12,659
Accrued interest payable	7,113
Customers' service meter deposits	62,586
Due to other funds	403,159
Other current liabilities	46
Total current liabilities	<u>487,835</u>

LONG-TERM LIABILITIES

Public utility revenue bond payable - due after one year	172,635
Other liabilities	108,520
Total long-term liabilities	<u>281,155</u>
Total Liabilities	<u>768,990</u>

NET ASSETS

Invested in capital assets, net of related debt	2,287,467
Restricted for debt service	497,654
Restricted - customer deposits	34,274
Unrestricted	(226,756)
Total Net Assets	<u>2,592,639</u>

Total Liabilities and Net Assets	<u>\$ 3,361,629</u>
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The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

OPERATING REVENUES

Gas sales	\$ 389,180
Water sales	185,407
Sewerage sales	161,777
Penalties and service charges	27,390
Total operating revenues	<u>763,754</u>

OPERATING EXPENSES

Salaries	119,278
Wages	85,641
Audit and accounting	10,500
Depreciation	197,585
Electricity	29,300
Employees' retirement expense	25,173
Engineering fees	7,335
Gas purchases	196,591
Insurance	57,650
Legal	1,350
Maintenance, repairs, and supplies	82,117
Miscellaneous	16,519
Printing, stationery, and supplies	12,572
Payroll taxes	-
Water pumpage charge	186
Truck expense	19,501
Utilities	4,302
Total operating expenses	<u>865,600</u>

LOSS FROM OPERATIONS

(101,846)

NON-OPERATING REVENUES (EXPENSES)

Interest revenues	18,799
Interest expense	<u>(10,527)</u>
Total non-operating revenues (expenses)	<u>8,272</u>

Loss before transfers and contributions

(93,574)

Operating transfers out	(55,000)
Capital contributions	<u>-</u>

CHANGE IN NET ASSETS

(148,574)

Net assets - beginning of year 2,741,213

Net assets - end of year \$ 2,592,639

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 788,235
Cash paid to suppliers for goods and services	(516,466)
Cash paid to employees for services	(204,919)
Net cash provided by operating activities	<u>66,850</u>

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES:**

Acquisition and construction of capital assets	(210,192)
Principal repayments of notes payable	(58,169)
Principal paid on revenue bonds	(10,880)
Interest paid on revenue bonds and notes	(11,376)
Capital grants received	<u>183,009</u>
Net cash used in capital and related financing activities	<u>(107,608)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned on investments	<u>18,799</u>
Net cash provided by investing activities	<u>18,799</u>

Net increase in cash and cash equivalents (21,959)

Cash and cash equivalents - beginning of year 645,258

Cash and cash equivalents - end of year \$ 623,299

Cash shown on balance sheet under:

Current assets	111,450
Restricted Assets	<u>594,514</u>

\$ 705,964

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

RECONCILIATION OF LOSS FROM OPERATIONS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Loss from operations	\$ (101,846)
Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Depreciation	197,585
Net change in assets and liabilities:	
Accounts receivable	13,314
Customer service meter deposits	11,167
Other liabilities	(1,921)
Due to other funds	<u>(51,449)</u>
Total adjustments	<u>168,696</u>
Net cash provided by operating activities	<u>\$ 66,850</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The Town of Jackson, Louisiana (the Town) was incorporated on April 2, 1832, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, recreation, public improvements, and general administrative services.

The accounting and reporting practices of the Town of Jackson conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Town's reporting entity applies all relevant Government Accounting Standards (GASB) pronouncements. The Town's proprietary fund applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements prevail. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies and practices:

Financial reporting entity

Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 14 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the Town of Jackson as a whole entity. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions, while business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the assets and liabilities of each activity, with the difference reported as net assets. Net assets are further segregated between the amount invested in capital assets, amounts which are restricted, and those which are unrestricted.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The Town reports the following major governmental funds:

- a. **General Fund** - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. **Special Revenue Fund** - This fund accounts for the collection and expenditure of the sales tax received from the East Feliciana Police Jury whose use is restricted to streets and sidewalks within the Town.

The Town reports the following major enterprise fund:

Public Utilities Fund – As a proprietary fund, the public utility fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and employ the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

TOWN OF JACKSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Budgets and budgetary accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general, debt service, and proprietary funds are adopted on bases consistent with generally accepted accounting principles (GAAP).
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.
8. The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted.

Capital Assets

Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage system	25	years
Gas plant and structures	25	years
Office equipment	5-10	years
Automotive equipment	3-7	years
Street improvements	10	years
Buildings	40	years
Heavy machinery	10-15	years

All capital assets are stated at historical cost.

TOWN OF JACKSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Cash and investments

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, and certificates of deposit, are stated at cost, which approximates market. Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Accounts receivable

Uncollectible amounts due from customers for utility services are recognized through the establishment of an allowance for bad debts account at the time information becomes available which indicates the collectibility of the particular receivable.

Accumulated unpaid vacation

Employees earn vacation and sick leave at various rates depending upon length of their employment.

Transfers in and out

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

Statements of cash flows

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Encumbrances

Encumbrances accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

Operating vs. non-operating revenue

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principle activity of the fund. Nonoperating revenues, such as grant subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Capital Assets

Capital assets and depreciation activity as of and for the year ended September 30, 2007, are as follows:

Governmental activities:

	<u>Land</u>	<u>Buildings</u>	<u>Streets, Sidewalks and Park Improve</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Cost of Capital Assets at September 30, 2006	\$ 26,000	\$ 312,569	\$ 471,649	\$ 1,059,869	\$ -	\$ 1,870,087
Additions	-	-	-	49,790	11,134	60,924
Deletions	-	-	-	4,500	-	4,500
Cost of Capital Assets at September 30, 2007	<u>26,000</u>	<u>312,569</u>	<u>471,649</u>	<u>1,105,159</u>	<u>11,134</u>	<u>1,926,511</u>
Accumulated depreciation September 30, 2006	-	196,710	163,653	659,713	-	1,020,076
Additions	-	8,408	40,536	75,143	-	124,087
Deletions	-	-	-	4,500	-	4,500
Accumulated depreciation at September 30, 2007	<u>-</u>	<u>205,118</u>	<u>204,189</u>	<u>730,356</u>	<u>-</u>	<u>1,139,663</u>
Capital assets, net of accumulated depreciation at September 30, 2007	<u>\$ 26,000</u>	<u>\$ 107,451</u>	<u>\$ 267,460</u>	<u>\$ 374,803</u>	<u>\$ 11,134</u>	<u>\$ 786,848</u>

Depreciation expense for the year ended September 30, 2007 was charged to the following governmental functions:

General government	77,670
Public safety	42,597
Recreation	<u>3,820</u>
	<u>124,087</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. **Capital Assets** (continued)

Business-Type activities:

	<u>Land</u>	<u>Buildings</u>	<u>Improvements & Infrastructure</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets at September 30, 2006	\$ 18,300	\$ 70,909	\$ 5,008,493	\$ 87,063	\$ 5,184,765
Additions	-	-	5,348	898	6,246
Deletions	-	-	-	-	-
Cost of Capital Assets at September 30, 2007	<u>18,300</u>	<u>70,909</u>	<u>5,013,841</u>	<u>87,961</u>	<u>5,191,011</u>
Accumulated Depr. at September 30, 2006	-	47,094	2,278,674	79,264	2,405,032
Additions	-	2,049	190,747	4,789	197,585
Deletions	-	-	-	-	-
Accumulated Depr. at September 30, 2007	<u>-</u>	<u>49,143</u>	<u>2,469,421</u>	<u>84,053</u>	<u>2,602,617</u>
Capital assets, net of accumulated depreciation at September 30, 2007	<u>\$ 18,300</u>	<u>\$ 21,766</u>	<u>\$ 2,544,420</u>	<u>\$ 3,908</u>	<u>\$ 2,588,394</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Long-term obligations

Business Type Activities:

	<u>Balance</u> <u>9/30/06</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/07</u>	<u>Principal</u> <u>Due Within</u> <u>One Year</u>
1979 water system revenue bonds	\$ 197,441	\$ -	\$ 12,056	\$ 185,385	\$ 12,659
Notes payable-water system	59,116	-	59,116	-	-
Amounts due to Louisiana Dept. of Transportation	<u>108,520</u>	<u>-</u>	<u>-</u>	<u>108,520</u>	<u>-</u>
	<u>\$ 365,077</u>	<u>\$ -</u>	<u>\$ 71,172</u>	<u>\$ 293,905</u>	<u>\$ 12,659</u>

During the year ended September 30, 1980, the Town issued \$373,000 of bonds in order to finance the upgrade and expansion of its water system. These bonds, which were dated January 18, 1979, are due in annual installments of \$21,924, including interest at 5.00%, through January 21, 2019.

The annual requirements to amortize all of the outstanding water system revenue bonds as of September 30, 2007 are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u> <u>Amount</u>
2008	\$ 9,264	\$ 12,660	\$ 21,924
2009	8,632	13,292	21,924
2010	7,967	13,957	21,924
2011	7,269	14,655	21,924
2012	6,537	15,387	21,924
2013-2017	20,344	89,276	109,620
2018-2019	<u>1,576</u>	<u>26,068</u>	<u>27,644</u>
	<u>\$ 61,589</u>	<u>\$ 185,295</u>	<u>\$ 246,884</u>

As part of the Bond agreement with Rural Economic and Community Development, the Town has agreed to comply with certain covenants. These consist, primarily, of reporting and audit requirements, insurance coverage, restrictions on additional debt, maintenance of various deposit accounts, and other administrative requirements.

Notes payable are as follows:

	<u>2007</u>	<u>2006</u>
Demand note, with a variable interest rate, secured by certificates of deposit	<u>\$ -</u>	<u>\$ 59,116</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

4. Ad valorem taxes

Ad valorem taxes attach as enforceable liens on all applicable property on February 28th of each year. Taxes are levied and are actually billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 2nd of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of East Feliciana Parish. During the year ended September 30, 2007, taxes of 6.19 mills were levied on property with assessed valuations totaling \$6,903,630 and were dedicated for general purposes.

Ad valorem taxes levied during the year ended September 30, 2007 totaled approximately \$42,734. Of this amount, \$3,063 remained uncollected at September 30, 2007.

5. Interfund receivables and payables

Interfund receivables and payables at September 30, 2007, were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 261,495	\$ 268,654
Proprietary fund	-	403,159
Special Revenue fund	410,318	-
	<u>\$ 671,813</u>	<u>\$ 671,813</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Defined benefit pension plan

Substantially all employees of the Town of Jackson are members of either the Municipal Employees Retirement System of Louisiana or the Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

a. Municipal Employees Retirement System of Louisiana (the System)

Plan description - the system is composed of two distinct plans, Plan A and Plan B, which have separate assets and benefit provisions. All employees of the Town are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and who are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after the age of 60 with at least 10 years of creditable service or at or after the age of 55 with at least 25 years of creditable service or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average monthly salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding policy - under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary to the System, and the Town of Jackson is required to make contributions at an actuarially determined rate. The rate paid by the Town during the past fiscal year ranged from 13.5 to 16.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Jackson are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jackson's contributions to the System under Plan A during the years ending September 30, 2007, 2006, and 2005 were \$40,656, \$40,446, and \$36,354, respectively, equal to the required contributions for these years.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Defined benefit pension plan (continued)

b. Municipal Police Employees Retirement System of Louisiana (the System)

Plan description - all full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after the age of 50 with at least 20 years of creditable service or at or after the age of 55 with a least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8550 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding policy - plan members are required by state statute to contribute 7.50 percent of their annual covered salary to the System, and the Town of Jackson is required to make contributions at an actuarially determined rate. The rate paid by the Town during the past fiscal year ranged from 13.75 to 15.50 percent of annual covered payroll. The contribution requirements of plan members and the Town of Jackson are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jackson contributions to the System during the years ending September 30, 2007, 2006, and 2005 were \$15,848, \$19,914, and \$21,869, respectively, equal to the required contributions for these years.

7. Segments of enterprise activities

Gas, water, and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended September 30, 2007, for these three services are as follows:

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 398,310	\$ 194,537	\$ 170,907	\$ 763,754
Operating expenses	322,008	274,251	269,341	865,600
Depreciation	<u>15,540</u>	<u>51,210</u>	<u>130,835</u>	<u>197,585</u>
Income (loss) before transfers and contributions	<u>76,302</u>	<u>(79,714)</u>	<u>(98,434)</u>	<u>(101,846)</u>
Change in net assets	<u>29,455</u>	<u>(45,704)</u>	<u>(96,860)</u>	<u>(113,109)</u>
Property, plant and equipment additions	300	5,646	300	6,246
Revenue bonds and notes payable	-	185,295	-	185,295

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Restricted assets

In accordance with the indenture governing the public utility revenue bonds, cash is periodically deposited into accounts administered by a Trustee bank. These bonds are a direct liability of the public utility fund and are serviced by the earnings from the Fund. Deposits are made to these trust accounts in accordance with the following requirements:

- (1) The "utility system revenue bond and interest sinking fund" requires that sufficient cash be accumulated to meet the annual installment of bond principal and interest which becomes due on January 18th of each year. The required funds for the years ended September 30, 2007 were deposited timely.
- (2) The "utility system revenue bond reserve fund" is supplemental to the account referred to in (1) above. The minimum balance to be maintained in this account is 20% of the amounts obligated to be deposited into the sinking fund and shall continue monthly until there is on deposit a sum equal to the highest combined principal and interest requirement in any succeeding fiscal year, according to the bond agreement. The Town has been making monthly deposits into this account in accordance with the FmHA's letter of conditions.
- (3) The "depreciation and contingency fund" requires a minimum balance of \$5,000. The Town has also been making the required deposits into this account.

The FmHA has agreed to the terms stated in its letter of conditions addressed to the Town dated August 25, 1978. The Town has complied with these conditions.

9. Due from other governmental agencies

As of September 30, 2007, there were no amounts due from other governmental agencies.

10. Sales Taxes

Streets and sidewalks

The Town receives 14.6863% of a one cent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are restricted to the general maintenance and repairs of streets and sidewalks in the Town of Jackson. The Town recognized \$188,166 of sales tax revenue during the year ended September 30, 2007. This tax expires December 31, 2014.

General fund

The Town receives 13.46% of a one cent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are available for any lawful purpose of operating a municipality. The Town recognized \$141,501 of sales tax revenue during the year ended September 30, 2007.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

11. Collateralization of bank deposits

Under state law, federal deposit insurance plus the pledge of securities owned by the fiscal agent bank must be of sufficient amount to secure all bank deposits (or the resulting bank balances). Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures" requires disclosure of custodial credit for bank deposits. Custodial credit risk is the risk that, in the event of the failure of a financial institution, a government will be unable to recover its deposits. The Town's bank balances (as opposed to the carrying amount below) totaled \$871,640. Of the bank balance, \$185,861 was secured by federal depository insurance, while \$685,779 was collateralized by securities held by the bank's agent in the Town's name and therefore not exposed to custodial credit risk.

At September 30, 2007, the carrying amounts of the Town's bank deposits totaled \$861,343.

12. Excess of operating expenses over appropriations in individual funds

Operating expenditures exceeded appropriations by \$10,187 in the General Fund and by \$6,958 in the Public Utilities Fund during the year ended September 30, 2007.

13. Commitments and contingencies

On January 31, 2006, the Louisiana Department of Environmental Quality issued a Consolidated Compliance Order and Notice of Potential Penalty to the Town as a result of a discharging sewer manhole. The Town has appealed any and all penalties due under the order and has submitted a corrective action plan (the plan) to remedy the cause of the problem. The plan calls for sewer system improvements estimated to cost \$500,000.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULES

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Ad valorem taxes	\$ 40,000	\$ 40,000	\$ 39,089	\$ (911)
Sales Tax	168,000	180,000	167,665	(12,335)
Licenses and permits	80,000	82,000	82,005	5
Intergovernmental revenues:				
Beer taxes	3,000	6,400	6,393	(7)
Tobacco taxes	-	7,000	7,024	
State revenue sharing	4,000	1,000	1,692	692
Fines and forfeitures	40,000	48,000	48,202	202
Other	133,600	198,300	204,568	6,268
Total revenues	<u>468,600</u>	<u>562,700</u>	<u>556,638</u>	<u>(6,086)</u>
<u>EXPENDITURES</u>				
Current operating expenditures:				
General government	170,050	179,550	198,934	(19,384)
Public safety	308,411	415,705	402,928	12,777
Recreation	15,000	5,000	8,584	(3,584)
Total expenditures	<u>493,461</u>	<u>600,255</u>	<u>610,446</u>	<u>(10,191)</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	(24,861)	(37,555)	(53,808)	(16,277)
<u>OTHER FINANCING SOURCES</u>				
Operating transfers in	30,000	55,000	61,783	6,783
Total other financing sources	<u>30,000</u>	<u>55,000</u>	<u>61,783</u>	<u>6,783</u>
<u>NET CHANGE IN FUND BALANCE</u>	5,139	17,445	7,975	(9,470)
<u>FUND BALANCE</u>				
Beginning of year	9,093	7,419	25,138	17,719
End of year	<u>\$ 14,232</u>	<u>\$ 24,864</u>	<u>\$ 33,113</u>	<u>\$ 8,249</u>

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF OTHER REVENUE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>OTHER REVENUE</u>				
Utility franchise fees	\$ 100,000	\$ 111,000	\$ 111,050	\$ 50
Interest revenues	-	-	161	161
Insurance reimbursement	14,000	10,000	12,585	2,585
Cablevision fees	4,300	3,000	3,089	89
Grant revenues	-	49,000		
Miscellaneous	15,300	25,300	77,683	52,383
Total other revenue	<u>\$ 133,600</u>	<u>\$ 198,300</u>	<u>\$ 204,568</u>	<u>\$ 55,268</u>

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>GENERAL GOVERNMENT</u>				
Legal	\$ 1,000	\$ 500	\$ 2,001	\$ (1,501)
Salaries	24,050	24,050	23,937	113
Audit and accounting fees	10,000	11,000	10,675	325
Engineering fees	3,000	-	-	-
Electricity	45,000	40,000	40,533	(533)
Insurance	29,000	29,000	20,337	8,663
Health Insurance	4,000	4,000	3,978	22
Coroner's fees	1,500	1,500	1,520	(20)
Garbage disposal	4,800	4,000	4,924	(924)
Supplies and maintenance	3,500	3,500	12,391	(8,891)
Miscellaneous	5,800	9,000	13,117	(4,117)
Retirement	8,000	8,000	9,352	(1,352)
Office supplies and printing	5,500	5,500	-	5,500
Truck and tractor expenses	-	-	246	(246)
Telephone	6,500	6,500	9,208	(2,708)
Wages	3,400	3,400	3,380	20
Payroll taxes	9,000	9,000	9,281	(281)
Mosquito spraying expense	2,500	600	-	600
Cost of fixed assets	3,500	20,000	34,054	(14,054)
Total general government	<u>\$ 170,050</u>	<u>\$ 179,550</u>	<u>\$ 198,934</u>	<u>\$ (19,384)</u>

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>PUBLIC SAFETY</u>				
Police:				
Salaries	\$ 142,837	\$ 177,837	\$ 178,700	\$ (863)
Capital outlay	-	-	22,980	(22,980)
Grants	-	49,000	2,247	46,753
Miscellaneous	4,000	9,000	15,783	(6,783)
Retirement expense	18,000	18,000	15,848	2,152
Office supplies	2,500	500	-	500
Vehicle expense	30,000	30,000	34,269	(4,269)
Uniforms	500	750	668	82
Insurance	20,000	40,000	39,137	863
Insurance - health	18,000	7,000	5,511	1,489
Supplies and maintenance	6,500	9,000	6,388	2,612
Telephone	5,000	5,000	3,941	1,059
Electricity	5,000	5,000	5,143	(143)
Utilities	1,830	1,830	1,276	554
Fine collection fees	2,000	2,000	1,665	335
Total police	256,167	354,917	333,556	21,361
Fire:				
Jackson volunteer fire department	7,000	7,000	6,840	160
Insurance - health	6,500	4,000	15,951	(11,951)
Retirement expense	-	3,500	3,322	178
Electricity	3,500	3,500	4,097	(597)
Telephone	1,200	500	573	(73)
Vehicle expense	5,500	5,500	4,034	1,466
Salaries	18,164	22,408	22,362	46
Supplies and maintenance	7,000	7,000	5,465	1,535
Utilities	3,380	3,380	2,839	541
Capital outlay	-	4,000	3,889	111
Total fire	52,244	60,788	69,372	(8,584)
Total public safety	308,411	415,705	402,928	12,777
<u>RECREATION</u>				
Recreation department	15,000	5,000	8,584	(3,584)
Total recreation	\$ 15,000	\$ 5,000	\$ 8,584	\$ (3,584)

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes	\$ 190,000	\$ 190,000	\$ 193,739	\$ 3,739
Grant proceeds	-	20,000	20,000	-
Interest revenue	500	500	2,504	2,004
Total revenues	<u>190,500</u>	<u>210,500</u>	<u>216,243</u>	<u>5,743</u>
<u>EXPENDITURES</u>				
Current operating expenditures:				
General government	131,000	135,000	82,902	52,098
Debt service - lease payment	-	-	33,268	(33,268)
Total expenditures	<u>131,000</u>	<u>135,000</u>	<u>116,170</u>	<u>18,830</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>59,500</u>	<u>75,500</u>	<u>100,073</u>	<u>24,573</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers out	-	-	(6,783)	6,783
Proceeds of capital lease	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>(6,783)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>59,500</u>	<u>75,500</u>	<u>93,290</u>	<u>24,573</u>
<u>FUND BALANCE</u>				
Beginning of year	<u>518,382</u>	<u>518,382</u>	<u>488,591</u>	<u>29,791</u>
End of year	<u>\$ 577,882</u>	<u>\$ 593,882</u>	<u>\$ 581,881</u>	<u>\$ 54,364</u>

SUPPLEMENTARY INFORMATION

TOWN OF JACKSON, LOUISIANA
STATEMENT OF REVENUES AND EXPENSES BY ACTIVITY - BUDGET (GAAP BASIS) AND ACTUAL
ENTERPRISE FUNDS - PUBLIC UTILITY REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Gas</u>	<u>Water</u>	<u>Sewerage</u>	<u>Actual Total</u>	<u>Budget Total</u>	Variance Favorable (Unfavorable)
<u>OPERATING REVENUES</u>						
Sales	\$ 389,180	\$185,407	\$ 161,777	\$ 736,364	\$ 740,000	\$ (3,636)
Penalties and service charges	9,130	9,130	9,130	27,390	23,000	4,390
Total operating revenues	<u>398,310</u>	<u>194,537</u>	<u>170,907</u>	<u>763,754</u>	<u>763,000</u>	<u>754</u>
<u>OPERATING EXPENSES</u>						
Salaries	37,939	48,160	33,179	119,278	130,000	10,722
Wages	10,146	9,261	66,234	85,641	80,000	(5,641)
Audit and accounting	10,500	-	-	10,500	11,000	500
Depreciation	15,540	51,210	130,835	197,585	160,000	(37,585)
Electricity	5,271	18,648	5,381	29,300	30,000	700
Employees' retirement	4,883	4,657	15,633	25,173	28,000	2,827
Engineering fees	-	7,335	-	7,335	3,000	(4,335)
Gas purchases	196,591	-	-	196,591	210,000	13,409
Insurance	7,845	44,838	4,967	57,650	58,127	477
Legal	450	450	450	1,350	1,350	-
Maintenance, repairs, supplies	3,544	69,958	8,615	82,117	64,500	(17,617)
Miscellaneous	11,103	3,506	1,910	16,519	9,200	(7,319)
Printing, stationery, supplies	70	12,432	70	12,572	12,000	(572)
Water pumpage charge	-	186	-	186	500	314
Truck expense	17,221	1,140	1,140	19,501	20,000	499
Utilities	905	2,470	927	4,302	5,500	1,198
Total operating expenses	<u>322,008</u>	<u>274,251</u>	<u>269,341</u>	<u>865,600</u>	<u>823,177</u>	<u>(42,423)</u>
<u>INCOME (LOSS)</u>						
<u>FROM OPERATIONS</u>	<u>76,302</u>	<u>(79,714)</u>	<u>(98,434)</u>	<u>(101,846)</u>	<u>(60,177)</u>	<u>(41,669)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>						
Interest revenues	8,153	9,072	1,574	18,799	7,500	11,299
Interest expense	-	(10,527)	-	(10,527)	(18,000)	7,473
Total non-operating	<u>8,153</u>	<u>(1,455)</u>	<u>1,574</u>	<u>8,272</u>	<u>(10,500)</u>	<u>18,772</u>
<u>Income before transfers and contributions</u>	<u>84,455</u>	<u>(81,169)</u>	<u>(96,860)</u>	<u>(93,574)</u>	<u>(70,677)</u>	<u>(22,897)</u>
Operating transfers out	(55,000)	-	-	(55,000)	(55,000)	-
Capital contributions	-	-	-	-	377,000	(377,000)
<u>CHANGE IN NET ASSETS</u>	<u>29,455</u>	<u>(81,169)</u>	<u>(96,860)</u>	<u>(148,574)</u>	<u>251,323</u>	<u>(399,897)</u>

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE
September 30, 2007

	Bond and Interest Redemption	Reserve	Depreciation and Contingency Fund	Total
Cash balance - October 1, 2006	\$ 69,554	\$ 41,541	\$ 31,116	\$ 142,211
Cash receipts				
Transfers from other accounts	22,080	2,172	2,172	26,424
Interest earned on investments	7,419	1,037	-	8,456
Interest earned on savings	677	433	324	1,434
	<u>30,176</u>	<u>3,642</u>	<u>2,496</u>	<u>36,314</u>
Cash disbursements				
Principal payments	21,924	-	-	21,924
Interest payments	-	-	-	-
	<u>21,924</u>	<u>-</u>	<u>-</u>	<u>21,924</u>
Cash balance - September 30, 2007	<u>\$ 77,806</u>	<u>\$ 45,183</u>	<u>\$ 33,612</u>	<u>\$ 156,601</u>
Investment balance - October 1, 2006	\$ 196,645	\$ -	\$ 138,043	\$ 334,688
Additions	-	-	-	-
Investment balance - September 30, 2007	<u>\$ 196,645</u>	<u>\$ -</u>	<u>\$ 138,043</u>	<u>\$ 334,688</u>
Total cash and investment - September 30, 2007	<u>\$ 274,451</u>	<u>\$ 45,183</u>	<u>\$ 171,655</u>	<u>\$ 491,289</u>

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED SEPTEMBER 30, 2007

Charles Coleman	\$	8,400
P.O. Box 33		
Jackson, LA 70748		
225-634-7351		

Carneal Woodyear		1,800
P.O. Box 158		
Jackson, LA 70748		
225-634-2640		

Michael Harrell		1,800
P.O. Box 1248		
Jackson, LA 70718		
225-634-2335		

Donald Havard		1,800
P.O. Box 1086		
Jackson, LA 70748		
225-634-7453		

Keith Mills		1,800
P.O. Box 1672		
Jackson, LA 70748		
225-634-5725		

Henry Rogillio		<u>1,800</u>
P.O. Box 261		
Jackson, LA 70748		
225-634-7401		

	\$	<u><u>17,400</u></u>
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TOWN OF JACKSON, LOUISIANA

INSURANCE-IN-FORCE
SEPTEMBER 30, 2007

<u>Policy</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
Fire and Extended Coverage - Building and Contents	Employers' Mutual	02-01-08	\$ 378,806
Public Official Bond	Dart Insurance Agency	08-30-08	65,000
Automobile Liability	Louisiana Risk Management	02-01-08	500,000
General Liability	Louisiana Risk Management	02-01-08	500,000
Police Professional Liability	Louisiana Risk Management	02-01-08	500,000
Public Officials Errors and Omissions	Louisiana Risk Management	02-01-08	500,000
Worker's Compensation	Louisiana Risk Management	01-01-08	Statutory
Auto Physical Damage	Lexington	02-01-08	172,323
Equipment	Employers Mutual	02-01-08	185,000

TOWN OF JACKSON, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS
SEPTEMBER 30, 2007
(Without Audit)

Statistics on System Operations

- (a) As of September 30, 2007, there were 455 and 879 metered customers for the gas and water systems, respectively. There were no unmetered customers for either the gas or water systems at September 30, 2007.
- (b) The following rate schedules were in effect during the fiscal year for gas and water:

1. Gas:	Rate per 1,000 <u>Cubic Feet</u>
Minimum charge	\$ 12.00
First 1,000 cubic feet or less	15.00 + amount above \$5.00 MCF
Over 1,000 cubic feet	10.00 + amount above \$5.00 MCF

2. Water:	Rate per <u>1,000 Gallons</u>
First 2,000 gallons or less	\$ 7.50
Next 13,000 gallons/Mgal	2.30
Next 35,000 gallons/Mgal	1.15
Over 50,000 gallons/Mgal	1.00

- (c) Average monthly billing per residential customer was:

1. Gas	<u>\$ 28.18</u>
2. Water	<u>\$ 17.20</u>

TOWN OF JACKSON, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS
SEPTEMBER 30, 2007
(Without Audit)

Variance Between Gas Purchased and Sold

<u>Year Ended</u>	<u>Gas Purchased MCF's</u>	<u>Gas Billed MCF's</u>	<u>Leakage Variance MCF's</u>	<u>Percent of Gas Purchased</u>
09/30/07	23,835	20,538	3,297	13.8
09/30/06	22,418	20,748	1,670	7.4
09/30/05	21,248	21,000	248	1.2
09/30/04	24,449	24,762	-	-
09/30/03	28,184	26,562	1,622	5.8
09/30/02	26,944	24,219	2,725	10.1
09/30/01	31,101	31,502	-	-
09/30/00	25,608	28,220	-	-
09/30/99	26,573	24,270	2,303	8.67
09/30/98	31,645	31,207	438	1.38
09/30/97	29,716	28,372	1,344	4.52
09/30/96	36,279	32,741	3,538	9.75
09/30/95	28,888	27,400	1,488	5.15
09/30/94	35,550	31,892	3,658	10.29

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Jackson, Louisiana

We have audited the basic financial statements of the Town of Jackson, Louisiana, as of and for the year ended September 30, 2007, and have issued our report thereon dated March 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Town of Jackson's financial statements were free of material misstatement, we performed tests of its compliance and other matters with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have had a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2007-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Jackson's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2007-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not consider the deficiencies described in items 2007-1, 2007-2 and 2007-3 to be material weaknesses.

This report is intended for the information of the Board of Aldermen, management of the Town of Jackson, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Netherwill

Baton Rouge, Louisiana
March 24, 2008

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2007

A. Summary of Audit Results

1. The auditors' report expressed an unqualified opinion on the financial statements of the Town of Jackson, Louisiana as of and for the year ended September 30, 2007.
2. One significant deficiency is reported in section B below. None of which are considered to be material weaknesses in financial reporting.
3. Two instances of noncompliance material to the financial statements of the Town of Jackson were disclosed during the audit and are also reported in section B below.

B. Findings- Financial Statement Audit:

2007-1 Segregation of duties

Criteria - Segregation of duties is an integral part of internal controls; as such, policies and procedures should be in place to provide reasonable assurance that financial transactions are properly recorded.

Condition - The segregation of duties is inadequate to provide effective internal control as the performance of accounting procedures is limited to one person.

Recommendation - No action is recommended.

Management's response - We concur with the finding and the recommendation. Compensating controls do exist in that the Board of Aldermen reviews all invoices prior to disbursement. Additionally, the Board of Aldermen has decided that it would not be cost effective to increase the size of the administrative staff to achieve effective segregation of duties.

2007-2 Violation of State Budget Law

Criteria - La Revised Statute 39:1310 requires governments to amend general and special revenue fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or more or when actual revenues plus expected revenues will fall short of budgeted amounts by 5% or more.

Condition - The Special Revenue Fund's actual revenues fell short of its budget by 11.49%.

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2007

2007-2 Violation of State Budget Law (continued)

Effect - The Town is in violation of the statute.

Recommendation - We recommend that all programs adhere to its adopted budget and monitor compliance. When it becomes apparent that expenditures will exceed the budget by 5% or more, or when revenues will fall short by 5% or more, the budget should be brought before the board for amendment.

Management's Response – *The town will monitor revenues and expenditure closely and bring the budget before the board as needed for amendments.*

TOWN OF JACKSON, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2007

2006-1 Segregation of duties

Criteria - Segregation of duties is an integral part of internal controls; as such, policies and procedures should be in place to provide reasonable assurance that financial transactions are properly recorded.

Condition - The segregation of duties is inadequate to provide effective internal control as the performance of accounting procedures is limited to one person.

Recommendation - No action is recommended.

Current Status - the condition remains. *The Board of Aldermen has decided that it would not be cost effective to increase the size of the administrative staff to achieve effective segregation of duties.*

2006-2 Approval of capital leases debt by the Louisiana Bond Commission

Criteria - Louisiana Revised Statute 39:1410 requires local governments to obtain approval from the State Bond Commission prior to entering into capital lease agreements.

Condition - The Town entered into a lease-purchase agreement for a bulldozer which qualifies for capital lease treatment. The approval of the bond commission was not obtained.

Effect - The town is in violation of statute 39:1410.

Recommendation - The Town should comply with the statute and obtain bond commission approval prior to entering into capital lease agreements. The Town should consult with their auditors or appropriate professionals whenever it leases equipment to determine if the lease qualifies as a capital lease.

Current Status - *The town will comply with the recommendations for future purchases.*

2006-3 Public Bid Law

Criteria - LSA-RS 38:2212.1 states "Purchases of materials, supplies and equipment in excess of \$20,000 shall be advertised and let by contract to the lowest bidder who has bid according to the specifications as advertised, and no such purchase shall be made except as provided by this part".

Condition - During the year under audit the Town purchased an excavator in the amount of \$30,458 yet did not competitively bid the purchase in accordance with the statute. Additionally, the bulldozer (valued at approximately \$61,000) referred to in finding 2006-2 and bought under a lease-purchase agreement was not competitively bid.

TOWN OF JACKSON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2007

2006-3 Public Bid Law (continued)

Effect - The Town is out of compliance with the statute referred to above with regard to these purchases.

Recommendation - All purchases of materials, supplies and equipment in excess of \$ 20,000 should be bid in accordance with the statute referred to above.

Current Status - The town will follow above recommendations for future purchases in excess of \$20,000.

2006-4 Violation of State Budget Law

Criteria - La Revised Statute 39:1310 requires governments to amend general and special revenue fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or more or when actual revenues plus expected revenues will fall short of budgeted amounts by 5% or more.

Condition - The Special Revenue Fund's actual expenditures exceeded its budget by 47.9%.

Effect - The Town is in violation of the statute.

Recommendation - We recommend that all programs adhere to its adopted budget and monitor compliance. When it becomes apparent that expenditures will exceed the budget by 5% or more, or when revenues will fall short by 5% or more, the budget should be brought before the board for amendment.

Current Status - The budgets are monitored on an ongoing basis. Amendments to the budget were approved by the Board of Alderman as needed during 2006-2007.

TOWN OF JACKSON

P.O. BOX 1150
1610 CHARTER STREET
JACKSON, LOUISIANA 70748
(225) 634-7777
FAX (225) 634-2233

CORRECTIVE ACTION PLAN

March 24, 2008

Louisiana Legislative Auditor

The Town of Jackson respectfully submits the following corrective action plan for the year ended September 30, 2007.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: October 1, 2006 – September 30, 2007

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2007-1 Segregation of Duties

Recommendation - No action is recommended.

Action Taken - We concur with the finding and the recommendation. The Board of Aldermen has decided that it would not be cost effective to increase the size of the administrative staff to achieve effective segregation of duties. .

2007-2

Violation of State Budget Law

Recommendation - We recommend that all programs adhere to its adopted budget and monitor compliance. When it becomes apparent that expenditures will exceed the budget by 5% or more, or when revenues will fall short by 5% or more, the budget should be brought before the board for amendment.

Action Taken - The town will monitor revenues and expenditure closely and bring the budget before the board as needed for amendments.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Holli Gilmore at (225) 634-7777.

Sincerely,

A handwritten signature in cursive script that reads "Holli Gilmore".

Holli Gilmore
Secretary / Treasurer